

Exhibit 20



Trust. Knowledge. Confidence.

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March 21, 2023

VIA PRIORITY US FIRST CLASS MAIL

VTVC Enterprises, Inc.
3910 Wayne Avenue, #102
Wichita Falls, Texas 76308

VTVC Enterprises, Inc.
c/o Mr. Van Nguyen
Director and President
8 Park Place Ct.
Wichita Falls, TX 76302

Mr. Toan Van Nguyen
8 Park Place Ct.
Wichita Falls, Texas 76302

**Re: Notice of Termination of KF Tea Franchising LLC Franchise
Agreement and Objection to VTVC Enterprise's Infringing Use of KF
Tea Franchising LLC's Trademarks**

Dear Mr. Nguyen:

This firm represents KF Tea Franchising LLC ("KFTF"), which you are aware is the franchisor of KUNG FU TEA® shops. KUNG FU TEA® is an international brand with the trademark registered in numerous jurisdictions throughout the world, including in the United States, where KFTF has more than 300 franchised locations. KFTF began its operation in New York City in 2010.

Since 2013, KFTF has offered its franchisees the right to own and operate KUNG FU TEA® shops at approved locations. VTVC Enterprises, Inc. and Mr. Toan Van Nguyen (collectively “VTVC”) entered into a franchise agreement with KFTF with an effective date of August 16, 2017, to open and operate a KUNG FU TEA® shop located at 3910 Wayne Avenue, #102, Wichita Falls, Texas 76308 (the “Franchise Agreement”). As you know as the owner of VTVC, a party to the Franchise Agreement, and a guarantor of the Franchise Agreement yourself, each KUNG FU TEA® shop is a retail shop selling a variety of brew tea, bubble tea, coffee, juices, smoothies and other hot and cold drinks. All of the teas and other drinks are prepared in accordance with recipes using KFTF’s ingredients and other specified or authorized ingredients, using equipment KFTF supplies or specifies.

We understand based on an agreement reached between KFTF and VTVC on August 19, 2022 that VTVC agreed to close its franchised store as a result of VTVC’s violations of the Franchise Agreement, subject to VTVC’s completion of all store closing tasks on or before September 18, 2022, with which deadline VTVC did not comply. We also understand that in or about October 2022, VTVC started operating another store at the approved location under the name Kung Fu Boba selling bubble tea, brew tea, coffee, juices, smoothies and a variety of other hot and cold drinks. and other products and services using the names Kung Fu Boba and Kung Fu Tea without authorization from KFTF. In view of the foregoing, I write to provide written notice to VTVC of the immediate termination of the Franchise Agreement and concerning KFTF’s objections to VTVC’s unauthorized and infringing use of KFTF’s trademarks.

Specifically, Article V Section 5.2.2, provides that KFTF can terminate the Franchise Agreement upon notice with immediate effect based on a material breach by VTVC. VTVC has committed a material breach of at least the following sections of the Franchise Agreement:

- [5.2.2.8](#) - you or any of your company's owners make any unauthorized use of the Marks or challenge or seek to challenge the validity of any of the Marks;
- [5.2.2.7](#) - you or any of your company's owners use or disclose any Confidential Information in violation of the requirements of Section 3.2;

- [5.2.2.10](#) - you fail to maintain the highest rating possible for the Franchised Business in accordance with the terms of Section 1.6.6, or you fail to notify us in as required under Section 1.6.6, or you fail to correct in a timely manner any condition described in any inspection report or any warning, citation, certificate or notice relating to the Franchised Business;
- [5.2.2.12](#) - you knowingly maintain false books or records or submit to us a report that understates the Gross Revenue of the Franchised Business three or more times during the term of this Agreement or by more than five percent on any one occasion;
- [5.2.2.15](#) - you or any of your company's owners effect or attempt to effect a Transfer without our approval and contrary to the provisions of Article IV.

VTVC has further committed a material breach of Article III, Sections 3.1.1 and 3.1.2 of the Franchise Agreement which provide:

3.1.1 *Our Copyrights.* We and our affiliates are the sole owners of all copyrights in the Manual and all supplemental materials, and other materials identified as ours that we provide to you, and in all advertising and promotional material created by or for us. You may not copy any such materials, nor create derivative works of any such materials, except as specifically authorized or permitted by us.

3.1.2 *Our Trademarks.* Your right to use the Marks is derived solely from this Agreement and is limited to your operation of the Franchised Business at and from the premises of your Kung Fu Tea shop pursuant to and in compliance with this Agreement and all System Standards. Your unauthorized use of the Marks will be a breach of this Agreement and an infringement of our rights in and to the Marks.

KFTF is the exclusive licensee in and to the incontestably federally registered trademark KUNG FU TEA®. The KUNG FU TEA® mark is protected under at least U.S. Trademark Registration Nos. 3,961,011; 4,497,687; 4,510,162;

4,857,505; 5,438,1824; 5,438,825; 5,443,929; 5,443,930; 5,443,931; 5,588,198; and 5,639,864.

The KUNG FU TEA® mark is registered for the following goods and services: restaurant services featuring non-alcoholic drinks, beverages and confections; tea, tea-based flavored drinks and beverages, tea-based slush-type drinks, pastries containing tea, tea-based smoothies; fruit-flavored smoothies containing tea, fruit flavored slush-type drinks containing tea; cellphone cases, cases for mobile phones, stickers, tote bags, mugs, plastic cups, tea canisters, water bottles sold empty, headwear, namely, caps and hats, hoodies, t-shirts, tea bags.

KFTF has made extensive and continuous use of the KUNG FU TEA® mark in U.S. Commerce through its authorized franchisees since at least as early as 2013, with rights accruing to it in connection with KUNG FU TEA® shops selling a variety of brew tea, bubble tea, coffee, juices, smoothies and other hot and cold drinks. Our affiliate, KF Tea USA Inc., began using the mark in 2010. As a result of KFTF's authorized franchisees' long use, significant advertising and promotional efforts, extensive sales, and the high and consistent quality of the goods and services under the KUNG FU TEA® mark, the mark has obtained national recognition and fame and become an indicator of the source of KFTF's goods and services and a symbol of substantial and valuable goodwill. In view of this, KFTF vigorously enforces its KUNG FU TEA® mark and protects its goodwill and brand.

VTVC's infringement of the KUNG FU TEA® mark comprises at least its use of the identical KUNG FU TEA® mark and the substantially similar KUNG FU BOBA mark in connection with the name of its store and the goods and services of its store selling bubble tea, brew tea, coffee, juices, smoothies and a variety of other hot and cold drinks, and other products and services without authorization from KFTF. VTVC also uses the identical KUNG FU TEA® mark and the substantially similar KUNG FU BOBA mark in connection with the advertisement and promotion of its shop and the goods and services of its shop on, for example, its Google website (*see, e.g.*, webpage <https://goo.gl/maps/VTXLdxkmuWJvMjCK6>). VTVC's shop, using the identical KUNG FU TEA® mark and the substantially similar KUNG FU BOBA mark without authorization by KFTF, offers the very same goods and services protected

by the KUNG FU TEA® trademarks. Moreover, VTVC's agreement to close its franchise store as a result of VTVC's violations of the Franchise Agreement, and its subsequent opening of another store selling bubble tea, brew tea, coffee, juices, smoothies and a variety of other hot and cold drinks, as well as other products and services using the identical name KUNG FU TEA® and substantially similar name KUNG FU BOBA without informing KFTF and obtaining its authorization constitutes willful infringement. The prominent use of the identical name KUNG FU TEA® and substantially similar name KUNG FU BOBA in VTVC's shop and the promotions and advertisements of its shop appears to be made with the intent to trade on the goodwill associated with KFTF's KUNG FU TEA® mark. Damages for willful trademark infringement are severe and can involve disgorgement of profits along with payment of attorney's fees.

For at least these reasons, VTVC's use of the identical name KUNG FU TEA® and substantially similar name KUNG FU BOBA in VTVC's shop and the promotions and advertisements of its shop is undoubtedly creating confusion, mistake and deception as to the source or origin of your goods and services, conveying the impression that VTVC's KUNG FU BOBA store is sponsored or endorsed by, or a franchisee of KFTF, when this is not the case. Moreover, VTVC's use of the identical name KUNG FU TEA® and substantially similar name KUNG FU BOBA are diluting the reputation and good will of KFTF's KUNG FU TEA® mark. Your use already has and likely will continue to cause consumer confusion and damage to KFTF's valuable trademark rights under the Lanham Act, 15 U.S.C §1114 and 15 U.S.C. §1125(a) and (c). Your actions also have and likely will continue to give rise to separate claims under state common law trademark infringement and unfair competition laws. VTVC's use of the identical name KUNG FU TEA® and substantially similar name KUNG FU BOBA is irreparably damaging KFTF and its reputation and goodwill, and the use of these marks, including on your website and the use of KUNG FU BOBA as your company name, must stop.

Under U.S. trademark law, KFTF must diligently enforce its rights or risk losing distinctiveness of its trademark. *See Freecycle Network, Inc. v. Oey*, 505 F.3d 898, 905 (9th Cir. 2007) ("Trademark owners are free (and perhaps wise) to take action to prevent their marks from becoming generic ... e.g. through active policing of the mark's use"); *Fortunoff Silver Sales, Inc. v. Norman Press, Inc.*,

225 U.S.P.Q. 863, 868-69 (T.T.A.B. 1985). While KFTF is prepared to enforce its registered exclusive rights, the primary purpose of this letter is to seek an amicable resolution to this matter without the need for legal action, if possible.

To this end, KFTF requires that you agree to the following terms:

- Permanently cease and desist any and all current or future use of KUNG FU TEA®, KUNG FU BOBA or any variation of these terms. This includes, but is not limited to any efforts or activities to promote, license, or advertise any store selling bubble tea, brew tea, coffee, juices, smoothies or variety of other hot and cold drinks in the United States under KUNG FU TEA®, KUNG FU BOBA or any variation of these terms.
- Refrain from using any trade name or trademark comprising terms identical or highly similar to KUNG FU TEA®, KUNG FU BOBA or any variation of these terms in connection with any store selling bubble tea, brew tea, coffee, juices, smoothies or variety of other hot and cold drinks in the United States and in any future advertising or rendering of services and programs, including on all social media platforms.
- Provide KFTF with sufficient information to determine the full amount of your revenues and profits derived from your use of KUNG FU TEA® and KUNG FU BOBA following the August 2022 agreement.
- Confirm in writing that you will refrain from using any trade name or trademark comprising terms identical or highly similar to KUNG FU TEA®, KUNG FU BOBA or any variation of these terms in connection with any store selling bubble tea, brew tea, coffee, juices, smoothies or variety of other hot and cold drinks in the United States and in any future advertising or rendering of services and programs, including on your website and all social media platforms.
- Place a notice on your website that informs any prospective customers that your company has no affiliation with KUNG FU TEA® stores.

- Confirm in writing that you will inform any prospective customers that you have reason to suspect approach your store by mistake when looking for a KUNG FU TEA® store that your company has no affiliation with KUNG FU TEA® stores.

In addition to the violation of KFTF's intellectual property rights detailed above, VTVC materially breached the Franchise Agreement because it failed to comply with brand standards, failed to complete the action plan provided by KFTF by its July 1, 2022 compliance deadline, and through VTVC's use and sale of unauthorized inventory. VTVC's failure to comply with brand standards and use and sale of unauthorized inventory was discovered during a June 6, 2022 Store Performance Visit. VTVC was subsequently placed on an action plan to remediate those failures, but failed to comply with the plan. On August 19, 2022, KFTF advised you of VTVC's failures and noncompliance. At that time, the parties mutually agreed to the closure of the store, subject to the completion of all store closing tasks by VTVC on or before September 18, 2022. VTVC failed to timely comply with the store closing tasks. Although KFTF believed that the tasks were completed on September 30, 2022, it is evident by VTVC's ongoing using of the KUNG FU TEA® marks that the tasks remain incomplete. Therefore, the \$300 daily fee under Section 2.1.6.11 for the use of unauthorized product is now in the amount of \$64,500.

As a reminder, under the personal guaranty executed by VTVC in connection with the Franchise Agreement, VTVC is personally obligated to pay to KFTF all amounts that VTVC owes to KFTF, upon demand. We further remind VTVC of your ongoing obligation of confidentiality under Section 3.2 of the Franchise Agreement.

Due to the urgency of this matter, please provide a response to this letter within **TEN (10) DAYS** of the above-noted date to indicate in writing whether you will comply with the terms as stated herein. KFTF is prepared to take further action as and when needed to protect its contract and intellectual property rights. If you elect to disregard the demands contained herein and, in violation of federal and state law, you continue use of KUNG FU TEA® and KUNG FU BOBA or any variation of these terms, our client may



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initiate legal action against you without further notice. We trust, however, that such enforcement measures will not be necessary and that we will be able to settle this matter amicably in due course.

Please note that nothing contained in this letter, nor any act or omission by KFTF, its staff, or representatives is intended or should be deemed to be a waiver, abridgment, alteration, modification or reduction of any rights or remedies which KFTF may have regarding this matter, and all rights and remedies, whether at law or in equity, are hereby expressly reserved.

We look forward to receiving your response soon, but in no event later than **ten (10) days** after the date hereof.

Sincerely,

/Tony V. Pezzano/

Tony V. Pezzano

TP/

4876-6108-5016, v. 2